

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3935
ANSWERED ON:17.08.2001
MISUSE OF FUNDS TAKEN BY COMPANIES FROM BANKS
PRABHUNATH SINGH

Will the Minister of FINANCE be pleased to state:

to reply given to Unstarred Question No.1896 dated March 9, 2001 regarding misuse of funds taken by companies from banks and state:

- (a) the reasons for not generating information about misuse of funds taken by companies from banks/financial institutions by the RBI;
- (b) whether Banks/financial institutions generate information about misuse of funds given by them to companies etc.; (
- (c) if so, the details of such companies to whom funds of Rs.1 crore and above were sanctioned and they misused the funds;
- (d) the action taken by the banks in each case, bank/financial institution-wise;
- (e) whether the Government propose to lay on the Table of the House the details of suits filed by banks and financial institutions in respect of loan defaulters, which is available on the RBI website as on date; and
- (f) if not, the reasons therefore?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a): Reserve Bank of India (RBI) has an elaborate system of generating information on various aspects of operations of banks and FIs which in turn collect information from its branches/offices spread throughout the country. The effort involved in this exercise is enormous. Only that information is collected by RBI which is required for regulatory purposes and which RBI is authorized as per various powers given under different acts.

(b) & (c): Banks & FIs have details about functioning of companies assisted by them. However, under the existing provisions of banking laws, the disclosure of name of borrowers of banks and financial institutions is not permissible.

(d): Banks/FIs take action as per the terms of the agreements entered into by them with the assisted companies as also the legal remedies available to them for proper use of loan for the purpose for which it was sanctioned.

(e) & (f): As the details of suit filed cases by banks and FIs in respect of defaulters is already available on RBI website for everybody, there is no need to lay the details on the Table of the House.